

Message Text

LIMITED OFFICIAL USE

PAGE 01 THE HA 01372 130030Z

10

ACTION EUR-12

INFO OCT-01 IO-11 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

SAJ-01 AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02

OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 /098 W

----- 120486

R 121528Z MAR 76

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 7768

INFO USMISSION EC BRUSSELS

USMISSION OECD PARIS

USUN NEW YORK 1154

USMISSION GENEVA

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

LIMITED OFFICIAL USE THE HAGUE 1372

E.O. 11652: N/A

TAGS: EAID, EINV, NL

SUBJ: PRONK PROMOTES PRIVATE INVESTOR'S ROLE IN DEVELOPMENT

1. SUMMARY: DISREGARDING HIS PRIVATE VIEWS, LEFT WING
DEVELOPMENT AID MINISTER PRONK HAS PUBLICLY EMBRACED GOVERN-
MENT POLICY ON ISSUES SUCH AS COMPENSATION FOR PROPERTY
NATIONALIZED BY DEVELOPING COUNTRIES. END SUMMARY.

2. SUPPORT FOR PRIVATE INVESTMENT IN DEVELOPING
COUNTRIES, ALTHOUGH QUALIFIED, HAS COME FROM A SURPRISING
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 THE HA 01372 130030Z

SOURCE, SOCIALIST MINISTER FOR DEVELOPMENT COOPERATION

JAN PRONK. BETTER KNOWN FOR HIS LIBERAL VIEWS TOWARD THE THIRD WORLD THAN AS A CHAMPION OF BUSINESS, PRONK TOLD A MEETING OF DUTCH INDUSTRIALISTS RECENTLY THAT PRIVATE ENTERPRISE AND TRANSNATIONAL CORPORATIONS COULD PLAY AN IMPORTANT ROLE IN INDUSTRIAL DEVELOPMENT IN THE THRID WORLD.

3. PRONK FOR THE FIRST TIME PUBLICLY ESPOUSED THE DUTCH GOVERNMENT'S POLICY CALLING FOR THE EARLY ESTABLISHMENT OF CODES OF CONDUCT FOR PRIVATE FOREIGN INVESTMENT THAT WOULD LAY DOWN RIGHTS AS WELL AS OBLIGATIONS. HE SAID THAT THE NETHERLANDS DISAGREED WITH THIRD WORLD COUNTRIES ABOUT THE PROCEDURE BY WHICH COMPENSATION IS DETERMINED. WHEREAS DEVELOPING LANDS WANT TO USE THEIROWN NATIONAL INSTITUTIONS AND NATIONAL LAWS, THE NETHERLANDS BELIEVES, WHERE DISPUTES ARISE, THAT INTERNATIONAL LAW SHOULD GOVERN AND THAT RECOURSE TO INTERNATIONAL ARBITRATION SHOULD BE AVAILABLE.

4. PRONK ALSO APPEALED TO DUTCH BUSINESSMEN TO BE MORE ACTIVE IN SEEKING ORDERS FINANCED BY THE EOURPEAN DEVELOPMENT FUND AND OTHERMULTILATERAL AID ORGANIZATIONS. HE TOLD THE AMSTERDAM BRANCH OF THE NETHERLANDS SOCIETY FOR TRADE AND INDUSTRY THAT HOLLAND WAS PUTTING MORE MONEY INTO THESE FUNDS THAN IT WAS GETTING OUT OF THEM, AND THAT THE AMOUNTS INVOLVED WERE SO ENORMOUS THAT THEY WOULD REPAY AN ACTIVE POLICY OF ACQUIRING ORDERS.

5. COMMENT: THE SPEECH COMES AT A TIME WHEN THE DUTCH GOVERNMENT IS WITHIN REACH OF ITS GOAL OF ALLOATING 1.5 PERCENT OF NET NATIONAL INCOME (AT FACTOR COST) FOR DEVELOPMENT AID. IRONICALLY, TIS ACHIEVEMENT WILL OCCUR JUST WHEN THE GOVERNMENT IS HAVING TO LIMIT THE GROWTH OF THE NETHERLANDS' OWN WELFARE PROGRAMS IN ORDER TO RESTRAIN THE CRUSHING BURDEN WHICH THE HIGHEST RATE OF TAXATION AND SOCIAL INSURANCE PREMIUMS IN EUROPE IS PLACING ON THE PRIVATE SECTOR. THE RESULTING CUTS IN PLANNED SPENDING WILL BE AN ISSUE WHEN THE BUDGET FOR 1977 IS PRESENTED IN SEPTEMBER. SO FAR THERE HAS BEEN NO SIGN THAT THE AX WILL FALL ON DEVELOPMENT AID.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 THE HA 01372 130030Z

BUT PRONK MUST BE SENSITIVE TO THE FACT THAT WHILE PRIVATE INVESTMENT IN DEVELOPING COUNTRIES CAN ASSIST EXPORTS AND EVENTUALLY RETURN PROFITS, PUBLIC FUNDS SPENT ABROAD DO NOT NECESSARILY PROVIDE JOBS AT HOME. THIS FACT HAS POTENTIAL FOR UNDERMINING SUPPORT FOR FOREIGN AID AMONG TRADE UNIONS AND THE PROGRESSIVE PARTIES. WITH UNEMPLOYMENT HERE AT A POSTWAR HIGH, PRONK MAY HAVE CONCLUDED THAT BUSINESS MUST OBTAIN

MORE OF THE DEVELOPMENT FUNDS AVILABLE IN ORDER TO
SAFEGUARD HIS DEPARTMENT'S FUTURE BUDGETS.

6. NOT ONLY WAS THIS THE FIRST TIME THAT PRONK
PUBLICLY VOICED THE OFFICIAL GOVERNMENT POLICY, BUT
ALSO SOME OF THE STATEMENTS REPRESENT A COMPLETE
SWITCH FROM WHAT HE IS SAID TO HAVE BEEN ADVOCATING
PRIVATELY. INDICATIVE OF THE CONFLICT BETWEEN WHAT
PRONK SAID AND WHAT HE MAY THINK WE ARE TOLD THAT
THIS WAS ALSO THE FIRST TIME THAT PRONK DID NOT
DISREGARD THE TEXT PREPARED FOR HIM BY HIS STAFF.
GOULD

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, NATIONALIZATION, PRIVATE ENTERPRISE, INVESTMENT OPPORTUNITIES
Control Number: n/a
Copy: SINGLE
Draft Date: 12 MAR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976THEHA01372
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760095-0788
From: THE HAGUE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760364/aaaaceul.tel
Line Count: 127
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 31 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <31 MAR 2004 by MartinML>; APPROVED <31 MAR 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRONK PROMOTES PRIVATE INVESTOR'S ROLE IN DEVELOPMENT
TAGS: EAID, EINV, NL, (PRONK JAN)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006